
***PROFESSIONAL SERVICES AGREEMENT
LEGAL SERVICES
FOR
COUNTY OF SAN BERNARDINO
REDEVELOPMENT AGENCY***

For Redevelopment Agency Tax Increment Bonds Issues

By and between

COUNTY OF SAN BERNARDINO REDEVELOPMENT AGENCY

AND

FULBRIGHT & JAWORSKI L.L.P.

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***PROFESSIONAL SERVICES AGREEMENT
LEGAL SERVICES FOR THE COUNTY OF SAN BERNARDINO
REDEVELOPMENT AGENCY***

This Contract is made and entered into this ___ day of August, 2003, by and between San Bernardino County Redevelopment Agency, hereinafter referred to as AGENCY, and the LAW FIRM of Fulbright & Jaworski L.L.P., hereinafter referred to as LAW FIRM.

WHEREAS, THE AGENCY has determined that it is in need of legal services in support of its redevelopment tax increment bond program, including assisting the AGENCY to facilitate tax increment financings for the Town of Yucca Valley Redevelopment Agency, hereinafter referred to as YUCCA VALLEY; and,

WHEREAS, LAW FIRM is qualified by means of background and experience to provide these services and the firm participated in the AGENCY's Request for Proposal process.

NOW, THEREFORE, the parties do hereby agree and contract as follows:

Section 1. SCOPE OF SERVICES AND TERM

Provide legal representation and advice relating to redevelopment tax increment matters as requested by the AGENCY, including advise for determination of taxable or tax-exempt bonds issues for the AGENCY and YUCCA VALLEY, advise on use of current development future increment for San Sevaime bond issues, the preparation of necessary legal documents for the issuance of tax increment bonds for the AGENCY and YUCCA VALLEY. Attend all meetings, participate in all conference calls and hearings including those with the Board of Directors as requested by the AGENCY.

Section 2. PERFORMANCE OF LEGAL SERVICES

LAW FIRM shall perform the legal services as described in Section 1 as requested by the AGENCY. The principal attorney managing the delivery of legal services to the AGENCY will be Philip Nelson Lee, Senior Counsel in the LAW FIRM's Los Angeles, California office. Richard Kornblith a tax partner in the Los Angeles office will assist Mr. Lee when necessary with tax advice and Daniel Kim a senior associate in the Los Angeles office will also provide services. In addition, Don Hunt, Partner will be available to assist with these matters.

Section 3. COMPENSATION AND METHOD OF PAYMENT

For performance of legal services under Section 1, the Law Firm will be compensated as determined by the AGENCY at the fees as calculated herein or on an hourly basis at the rates set forth herein.

Fee Schedule for Redevelopment Bond Issues For the AGENCY (Per Transaction)

1.25% per million for the first \$1 million in principal amount
(with a minimum of \$12,500);
0.25% per million for the next \$9 million in principal amount; and
0.125% per million for the remaining principal amount.

Fee Schedule for Redevelopment Bond Issues For the Town of Yucca Valley (Per Transaction)

1.25% per million for the first \$1 million in principal amount;
(with a minimum of \$12,500);
0.25% per million for the next \$9 million in principal amount; and
0.125% per million for the remaining principal amount.

Hourly rates for various Los Angeles office attorneys are as follows:

	Standard Hourly Rates (Effective 1/1/03)	Proposed Hourly Rates
Philip Nelson Lee	\$405	\$364
Richard Kornblith	470	423
Daniel Kim	330	297
Donald Hunt	470	423

Beginning in 2004, rates for Fulbright attorneys would be based upon then current standard hourly billing rates, reduced by 10%.

If any other attorney in the Law Firm is requested to perform work under Section 1.1, the Law Firm will provide the AGENCY such attorney's hourly rate and obtain the AGENCY's consent to such rate.

In addition, the Law Firm shall be reimbursed for any reasonable costs advanced by it on behalf of the AGENCY, or YUCCA VALLEY, including delivery and messenger services, duplication cost and expenses for travel outside of the State of California, if any, at the request of the AGENCY, OR YUCCA VALLEY.

Notwithstanding the preceding, at the request of the AGENCY and with the agreement of the Law Firm, the above-terms and conditions shall be subject to modification with respect to any specific transaction.

All requests for payment shall be submitted to the AGENCY. Payment requests must include an invoice and a summary justifying the costs being billed, the tasks accomplished and the products being provided.

Section 4. EXTRA SERVICES

LAW FIRM shall not render services not within the terms of this Contract unless such extra services are first authorized in writing by the AGENCY.

Section 5. REPRESENTATIVE OF THE AGENCY

The Executive Director of the Redevelopment Agency (the "Executive Director"), or any designee, shall represent the AGENCY in matters pertaining to the services to be rendered under this Contract and shall be the final authority in all matters pertaining to the services to be rendered under this Contract and shall be the final authority in all matters pertaining to the project.

Section 6. TERMINATION FOR CONVENIENCE

The performance of work under this Contract may be terminated in whole or in part when such action is deemed by THE AGENCY to be in its best interest. Termination of work hereunder shall be effected by delivery to LAW FIRM of a Notice of Termination specifying the extent to which performance of work under this Contract is terminated, and the date upon which such termination becomes effective.

After receipt of a Notice of Termination, and except as otherwise directed by THE AGENCY, LAW FIRM shall: (a) Stop work under this Contract on the date and to the extent specified in Notice of Termination (b) Deliver to the AGENCY all completed work and work in progress (c) Complete performance of such part of the work as shall not have been terminated by the Notice of Termination.

Section 7. VIOLATION OF CONTRACT

In the event that LAW FIRM violates any of the terms and conditions of this Contract, THE AGENCY shall give written notice of violation and demand correction. If, within ten (10) days from receipt of written notice, LAW FIRM has not corrected the violation of shown acceptable cause, THE AGENCY has the right to immediately terminate this Contract.

Section 8. OWNERSHIP OF DOCUMENTS

All documents prepared by LAW FIRM under this Contract shall be considered the property of THE AGENCY. Upon payment for services performed by LAW FIRM, said documents and materials shall be delivered to THE AGENCY by LAW FIRM; however, LAW FIRM may take and retain such copies of said documents and materials as desired.

Section 9. RELEASE OF NEWS INFORMATION

No news releases, including photographs, public announcements or confirmation of same, or any party of the subject matter of this Contract or any phase of any program hereunder shall be made without prior written approval of THE AGENCY.

Section 10. RIGHT TO AUDIT

THE AGENCY, the Comptroller General of the United States or any of their duly authorized representatives shall have access to any books, documents, papers and records of LAW FIRM which are directly pertinent to the purpose of making an audit or any examination. All such books and records shall be retained for such periods of time required by law, provided, however, notwithstanding any shorter periods of retention, all books, records and supporting detail shall be retained for a period of at least five (5) years after the expiration of the terms of this Contract.

Section 11. NO BENEFIT TO ARISE TO LOCAL EMPLOYEE

No member, officer, or employee of THE AGENCY, or its designees or agents, no member of the governing body of THE AGENCY, and no other public official who exercises any functions or responsibilities with respect to the program during his tenure or for one year thereafter, shall have any interest, direct or indirect in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under this Contract.

Section 12. NON-ASSIGNMENT

This Contract may not be assigned nor the rights and obligations otherwise transferred to a third party by LAW FIRM unless authorized by THE AGENCY; any attempted assignment or transfer shall be void.

Section 13. SUBCONTRACTING

No performance of this Contract or any portion thereof may be subcontracted by LAW FIRM without the prior written consent of the AGENCY. Any attempt by LAW FIRM to subcontract any performance of the terms of this Contract without such consent shall be null and void and shall constitute a breach of terms of this Contract. In the event of such a breach, this Contract may be terminated forthwith.

Section 14. INDEPENDENT CONTRACTOR

This Contract is by and between THE AGENCY and LAW FIRM and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association as between THE AGENCY and LAW FIRM. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

LAW FIRM is and shall be deemed to be at all times an independent contractor. THE AGENCY shall not be liable for any act or acts of LAW FIRM and nothing herein contained shall be construed as creating the relationship of employer and employee between the parties.

LAW FIRM agrees to be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and payment of any and all Federal, State and local and personal income taxes, disability insurance, unemployment, and other taxes for such persons, including any related assessments or contributions required by law and all other regulations governing such matters.

LAW FIRM shall not be reimbursed for any travel time conducted pursuant to this Contract, except as provided in Section III.

LAW FIRM shall not be reimbursed for any vacation, sick leave or overtime.

The employees and agents of each party, and those of their respective customers, shall, while on the premises of the other, comply with all rules and regulations of the premises, including security requirements.

Section 15. NOTIFICATION

All notices, memoranda, reports, drafts, and communications sent to THE AGENCY under this Contract shall be sent to the following address, unless authorized to be sent elsewhere by THE AGENCY:

San Bernardino County
Redevelopment Agency
215 North "D" Street, Suite 301
San Bernardino, CA 92415-0121
Attention: Wally Hill, Executive Director

All such being sent to LAW FIRM shall be sent to:

Fulbright & Jaworski L.L.P.
865 South Figueroa Street, 29th Floor

Los Angeles, CA 90017
Attention: Philip Nelson Lee, Senior Counsel

Any such notices, demands, invoices and written communication by mail shall be conclusively deemed to have been received by the addressee five (5) days after the deposit thereof in the United States Mail, postage prepared and properly addressed as noted above.

Section 16. ENTIRE AGREEMENT

The writing with attachments, embodies the whole of the contract between the parties hereto. This Contract supersedes any and all other contracts either oral or in writing, between the parties with respect to the subject matter herein. Each party to this Contract acknowledges that no representations, by any parties which are not embodied herein and that no other contract, statement or promise not contained in this Contract shall be valid and binding. There are no oral agreements not contained herein.

Section 17. AMENDMENTS; VARIATIONS

Except as herein provided, addition or variation of the terms of this Contract shall not be valid unless made in the form of a written amendment to this Contract formally approved and executed by the parties.

Section 18. BINDING INTEREST

This Contract shall be binding on the parties and on their respective successors in interest, heirs and assigns.

Section 19. DISCRIMINATION

No person shall, on the grounds of race, sex, creed, color, religion, or national origin, be excluded from participating in, be refused the benefits of, or otherwise be subjected to discrimination in any activities, programs, or employment by LAW FIRM. LAW FIRM, will complete and submit to the AGENCY the Contractor's EEG Certification form prior to the start of work under this Contract.

Section 20. CONTRACT COMPLIANCE

LAW FIRM shall make every effort to ensure that the professional services covered by this Contract shall provide equal employment and career advancement opportunities for minorities and women. LAW FIRM agrees to comply with the provisions of the Contract Compliance Program of the County of San Bernardino and rules and regulations adopted pursuant thereto. LAW FIRM shall comply with Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, Title VII of the Civil Rights Act of 1964, the California Fair Housing and Employment Act, and the San Bernardino County Policy No. 15-01, as revised and other applicable federal, state and THE AGENCY laws, regulations

and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

Section 21. COMPLIANCE WITH LAWS

All parties agree to be bound by applicable Federal, State and local laws, ordinances, regulations and directives as they pertain to the performance of this Contract. This contract is subject to and incorporates the terms of the ACT: 24 Code of Federal Regulations, Part 570, Chapter V and; U.S. Office of Management and Budget Circular A-87.

Section 22. CONFLICT OF INTEREST

No AGENCY employee whose position in THE AGENCY enables him to influence the award of this Contract or any competing agreement, and or spouse or economic dependent of such employee shall be employed in any capacity by LAW FIRM herein, or have any other direct or indirect financial interest in this Contract.

Section 23. FORMER AGENCY OFFICIALS

LAW FIRM agrees to provide or has already provided information on former County of San Bernardino Administrative Officials (as defined below) who are employed by or represent LAW FIRM. The information provided includes a list of former Agency Administrative Officials who terminated AGENCY employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of LAW FIRM. For purposes of this provision, "Agency Administrative Official" is defined as a member of the Board of Supervisors or such Officer's staff, Agency Administrative Officer or member of such Officer's staff, County Department or Group Head, Assistant Department or Group Head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

Section 24. LIABILITY FOR LOSSES

To save and protect the AGENCY from any loss, liability, or other damage that may result from any breach by THE FIRM of its professional duties of care and loyalty to the AGENCY in providing legal services under this Agreement, THE FIRM represents that it currently maintains (and THE FIRM agrees to give the AGENCY prompt notice of any cancellation of) professional liability insurance with coverage of not less than \$20,000,000 per occurrence and in the aggregate, subject to deductibles and retention, and THE FIRM agrees that such insurance shall in no way limit THE FIRMS liability to the AGENCY for any loss, liability, or damage arising out of this Agreement for which THE FIRM would otherwise be liable under California law.

Section 25. INSURANCE REQUIREMENT

Without in anyway affecting the indemnification herein provided and in addition thereto, the LAW FIRM shall secure and maintain throughout the contract the following types of insurance with limits as shows:

Section 25.1 Workers Compensation. A program of Worker's Compensation insurance or State-approved Self Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits, covering all persons providing services on behalf of the LAW FIRM and all the risks to such persons under this Contract. If Borrower has no employees, it may certify or warrant to THE AGENCY that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the AGENCY's Risk Manager.

Section 25.2 Comprehensive General and Automobile Liability Insurance. This coverage to include contractual coverage and automobile liability coverage for owned, hired, and non-owned vehicles. The policy shall have combined single limit for bodily injury and property damage of not less than one million dollars (\$1,000,000).

Section 25.3 Errors and Omissions Liability Insurance. Combined single limits of one million dollars (\$1,000,000) for bodily injury and property damage and three million dollars (\$3,000,000) in the aggregate; or

Section 25.4 Professional Liability. Professional Liability insurance with limits of at least one million dollars (\$1,000,000) per claim or occurrence.

Section 25.5 Additional Named Insured. All policies, except for the Worker's Compensation coverage and Errors and Omissions and Professional Liability, shall contain additional endorsements naming the AGENCY and its officers, employees, agents and volunteers as additional named insureds with respect to liabilities arising out of the performance of services hereunder.

Section 25.6 Waiver of Subrogation Rights. Except for the Errors and Omissions and Professional Liability, LAW FIRM shall require the carriers of the above required coverages to waive all rights of subrogation against the AGENCY, its officers, volunteers, employees, agents, contractors and subcontractors.

Section 25.7 Policies Primary and Non-Contributory. All policies required above are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by THE AGENCY.

Section 25.8 Proof of Coverage. LAW FIRM shall immediately furnish certificates of insurance to the AGENCY evidencing the insurance coverage, including

endorsements, above required prior to the commencement of performance of services hereunder. These certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the AGENCY, and LAW FIRM shall maintain such insurance from the time LAW FIRM commences performance of services hereunder until the completion of such services. Within sixty (60) days of the commencement of this Contract, the LAW FIRM shall furnish certified copies of the policies and endorsements.

Section 26. INSURANCE REVIEW

The above insurance requirements are subject to periodic review by THE AGENCY. THE AGENCY's Risk Manager is authorized, but not required, to reduce or waive any of the above insurance requirements whenever the Risk Manager determines that any of the above insurance is not available, is unreasonably priced, or is not needed to protect the interests of THE AGENCY. In addition, if the Risk Manager determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Risk Manager is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against THE AGENCY, inflation, or any other item reasonably related to THE AGENCY's risk.

Any such reduction or waiver for the entire term of this Contract and any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Contract. LAW FIRM agrees to execute any such amendment within thirty (30) days of receipt.

Section 27. INVALID CONDITIONS

If any one or more of the terms, provisions, sections, promises, covenants or conditions of this Contract shall to any extent be judged invalid, unenforceable, void or voidable for any reason whatsoever, by a court of competent jurisdiction, each and all of the remaining terms, provisions, sections, promises, covenants and conditions of this Contract shall be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

In the event that this Contract or any provision thereof shall be declared null and void by a court of competent jurisdiction, THE AGENCY or any of their respective officers, agents of employees, or members of the San Bernardino the AGENCY Board of Supervisors shall not be liable to LAW FIRM or to any person holding under or through him for any losses or damages of any nature whatsoever suffered or claimed to be suffered by LAW FIRM or such person by reason of such determination.

Section 28. COUNTERPART EXECUTION

This Contract shall be executed in counterparts, each of which so executed shall be deemed an original irrespective of the date of the execution, and said counterparts, together shall constitute one and the same contract.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed as of the day and year first written above.

**COUNTY OF SAN BERNARDINO
REDEVELOPMENT AGENCY**

FULBRIGHT & JAWORSKI L.L.P.

By: _____
DENNIS HANSBERGER, Chairman
Board of Directors

By: _____
PHILIP NELSON LEE, Senior Counsel

Dated: _____

Dated: _____

APPROVED AS TO LEGAL FORM:

By: _____
Michelle Blakemore, Deputy County Counsel

Dated: _____